

**DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
FEBRUARY 2005**

CON REVIEW: HG-NIS-0904-036  
TRI-LAKES MEDICAL CENTER, BATESVILLE  
ESTABLISH MOBILE ESWL SERVICES  
CAPITAL EXPENDITURE: \$-0-  
LOCATION: BATESVILLE, MISSISSIPPI

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. APPLICANT INFORMATION**

Tri-Lakes Medical Center (TLMC) is a short term acute care hospital located in Batesville, Mississippi. The Medical Center is jointly owned by the City of Batesville and Panola County. Tri-Lakes Medical Center is governed by a five member board which is selected by appointment by the City of Batesville and the Panola county Board of Supervisors.

Tri-Lakes Medical Center is licensed for 70 acute care beds including 22 geriatric psychiatry beds; 13 leased Adult Chemical Dependency beds, and 10 leased Adolescent Chemical Dependency beds. TLMC also has CON authority to add 20 Long Term Care-Specifically for Alzheimer's and legislative authority to relocate 60 beds from North Panola Hospital.

The occupancy rates, average lengths of stay (ALOS) and the Medicaid utilization rates for the three most recent fiscal years only are shown below. (medical/surgical beds only)

Tri-Lakes Medical Center

<b>Fiscal Year</b>	<b>Occupancy Rate (%)</b>	<b>ALOS (Days)</b>	<b>Medicaid* Utilization Rate (%)</b>
2001	23.24	3.52	36.24
2002	23.24	3.52	36.00
2003	35.88	5.55	26.99

Source: Division of Health Facilities Licensure and Certification, MSDH

**B. PROJECT DESCRIPTION**

Tri-Lakes Medical Center is requesting Certificate of Need (CON) authority to establish extracorporeal shockwave lithotripsy (ESWL) services one day a month in Panola County. Tri-Lakes Medical Center will contract with Kidney Stone Center who was authorized by a Declaratory Ruling, dated December 30, 2004, to provide mobile ESWL services to Tri-Lakes Medical Center and Baptist Memorial Hospital North. The equipment will be the Dornier Compact Delta lithotripsy unit.

Tri-Lakes Medical Center currently has in place a pad with appropriate electrical connections that is appropriate for use by the mobile ESWL unit; therefore, no modification or construction is necessary.

TLMC anticipates that the provision of ESWL services will begin within 120 days upon Certificate of Need approval.

## II. TYPE OF REVIEW REQUIRED

Projects which propose the establishment of renal extracorporeal shockwave lithotripsy services (ESWL) are reviewed in accordance with Section 41-7-173, 41-7-191 (1)(d)(iii), and 41-7-193, Mississippi Code of 1972, Annotated, as amended, and duly adopted rules, procedures, plans, criteria and standards of the Mississippi State Department of Health.

In accordance with Section 41-7-197(2), of the Mississippi Code 1972 Annotated, as amended, any affected person may request a public hearing on this project within 20 days of publication of the staff analysis. The opportunity to request a hearing expires on March 7, 2005.

## III. CONFORMANCE WITH THE STATE HEALTH PLAN AND OTHER ADOPTED CRITERIA AND STANDARDS

### A. State Health Plan (SHP)

The FY 2005 State Health Plan addresses policy statements and specific criteria and standards which an applicant is required to meet before receiving CON authority to provide Renal ESWL Services. This application is in substantial compliance with applicable criteria and standards. This proposal is for the Provision of Renal ESWL Services.

#### **SHP Criterion 1 - Need**

The applicant states that there is a need in General Hospital Service Area 1 to provide additional ESWL service to the area. According to the applicant, utilizing the equipment of a vendor with a mobile ESWL unit would improve the hospital's treatment capabilities and allow TLMC to offer additional procedures with minimal expenses.

According to the Mississippi Population Projections for 2005, 2010, and 2015, Panola County is the second most highly populated county in the state and will, by the year 2005, have a population of 37,000. The population is expected to grow to 45,609 by the year 2015, an increase of 7.87 percent. The applicant believes that the rapid growth of the area will increase the need to have additional ESWL services in the service area.

Tri-Lakes Medical Center used three methodologies to assess the need in General Hospital Service Area 1. They are as follows: the American Hospital Association, Dornier, and Theta. Accordingly, the results were 240 procedures in **FY 2003** for Tri-Lakes service area. According to the State Health Plan, there were 735 procedures in GHSA 1 for FY2003.

#### **SHP Criterion 2 -Documentation of Medical Personnel**

TLMC affirms that the medical personnel required of this criterion shall reside within the hospital service area and shall be available 24 hours per day for emergency services required as a result of treatment by Renal ESWL.

### **SHP Criterion 3 -Imaging Capabilities**

Tri-Lakes Medical Center provides whole body CT scanning and ultrasound imaging at the hospital.

### **SHP Criterion 4 - Scope of Privileges**

The applicant asserts that TLMC will grant an appropriate scope of privileges for access to the lithotripter to any qualified physician who applies for privileges.

### **SHP Criterion 5 - Accessibility**

The applicant indicates that all residents in Tri-Lakes's primary and secondary service areas, including Medicare and Medicaid recipients and medically indigent patients, have and will continue to have access to the services of Tri-Lakes Medical Center. The hospital offers care for the indigent and does not have admission policies that will adversely affect access to care for indigents. Tri-Lakes Medical Center will offer services to patients in need of care, regardless of their ability to pay.

### **SHP Criterion 6 - Recording of Data**

The applicant will record and maintain the information required of this criterion and will make it available to the Department within fifteen (15) business days of request.

### **SHP Criterion 7 - Staffing**

Tri-Lakes submits that the hospital possesses a highly active and full-service radiology department. The hospital has an established urological referral practice.

### **SHP Criterion 8 - Guidelines and Standards**

The applicant asserts that Tri-Lakes Medical Center will require that all individuals using the ESWL equipment shall meet, at a minimum, the AUA's guidelines and standards for training and proficiency in the operation of renal ESWL equipment.

### **SHP Criterion 9 - CON Exemption**

TLMC will provide ESWL services to its patients by utilizing the equipment by controlled by Kidney Stone Center of Oxford, Mississippi. Kidney Stone Center received a Declaratory Ruling on December 30, 2004, to provide mobile ESWL services to Tri-Lakes Medical Center and Baptist Memorial Hospital North. The declaratory ruling application lists Northwest Mississippi Regional Medical as a potential additional facility to be served. The equipment will be the Dornier Compact Delta lithotripsy unit.

## **B. General Review (GR) Criteria**

Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2000 revisions*, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria.

**GR Criterion 2 - Long Range Plan**

According to TLMC, this proposal is consistent with the long range plans and goals to provide quality, efficient health care to all residents of the community.

**GR Criterion 3 - Availability of Alternatives**

TLMC rejected the alternative of doing nothing. Tri-Lakes Medical Center considered the alternative of purchasing its own ESWL equipment. However, since that would require an outlay of capital which would not be as efficient as using mobile ESWL equipment owned by a vendor, that alternative was also rejected.

**GR Criterion 4 - Economic Viability**

TLMC's proposed project will experience incomes of \$51,888 for year one, \$58,036 for year two and \$64,091 for year three of operation.

**GR Criterion 5 - Need for the Project**

According to TLMC, all residents of the area, including low income persons, racial and ethnic minorities, women, handicapped persons, and ethnic minorities, other underserved groups, and the elderly, have access to the services provided at the hospital and will have access to the proposed ESWL services.

There is a need in Tri-Lakes Service Area to provide additional ESWL services to the area. Utilizing the equipment of a vendor with a mobile ESWL unit would improve the hospital's treatment capabilities and allow TLMC to offer additional procedures with minimal expenses.

The applicant submits that the number of lithotripsy procedures that the urologists expect to perform heightens need for ESWL services at the hospital and in the Tri-Lakes Service Area.

The applicant projects the following:

Year	Year 1	Year 2	Year 3
Number of Procedures	45	50	60

The applicant believes that failure to implement this project will leave the residents of TLMC's primary service area without an adequate number of access points providing this care. Four endorsement letters from community physicians were received in support of the ESWL service.

**GR Criterion 6 - Access to the Facility or Service**

The applicant asserts that all residents of Tri Lakes service area and the state, including Medicaid recipients, charity/indigent patients, racial and ethnic minorities, women, handicapped persons and the elderly have access to the services of the existing facility and will have access to the proposed mobile ESWL services. According to the applicant, TLMC offers services to patients in need of care without regard to race, age, creed, sex or ethnic origin in full compliance with applicable state and federal regulation.

The following table gives the percentage of gross patient revenue and actual dollar amount of health care provided to medically indigent patients for the last three years at TLMC:

FY	2002	2003	2004
Percentage	9.8%	8.4%	10.0%
Amount	\$ 2,764,829	\$ 2,357,519	\$ 3,358,237

#### **GR Criterion 7 - Information Requirement**

TLMC affirms that it will record and maintain the information required by this criterion and make it available to the Mississippi State Department of Health within 15 business days of request.

#### **GR Criterion 8 - Relationship to Existing Health Care System**

There are presently 3 mobile ESWL units in Tri Lakes service area . The applicant believes that the proposed project will have no adverse impact on the existing health care system of the area; on the contrary, it will serve as a complement to the system. TLMC asserts that because of the growth the area is experiencing, the offering of ESWL services by Tri-Lakes Medical Center using mobile equipment will be an asset to the community and the existing health care system of the area.

#### **GR Criterion 9 - Availability of Resources**

According to the applicant, all additional necessary personnel will be provided.

#### **GR Criterion 16 -Quality of Care**

Tri-Lakes Medical Center is in compliance with the Minimum Standards of Operation for Mississippi Hospitals, according to the Division of Health Facilities Licensure and Certification.

### **IV. FINANCIAL FEASIBILITY**

#### **A. Capital Expenditure Summary**

This proposed project requires no capital expenditure.

#### **B. Method of Financing**

No financing is required for this project.

**C. Effect on Operating Cost**

TLMC projects the following expenses, revenues, and utilization for the first three years of operation for the proposed project:

<b>EXPENSES</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>
Supplies	\$ 6,000	\$ 7,088	\$ 8,269
Purchase Services	\$ 76,000	\$ 85,500	\$ 95,000
<b>Total Expenses</b>	<b>\$ 82,000</b>	<b>\$ 92,588</b>	<b>\$ 103,269</b>
<b>REVENUE</b>			
<b>GROSS PAT. REVENUE</b>	\$ 320,000	\$ 360,000	\$ 400,000
Deduction from GPR	\$ 186,112	\$ 209,376	\$ 232,640
<b>NET PAT. SVC. REV.</b>	<b>\$ 133,888</b>	<b>\$ 150,624</b>	<b>\$ 167,360</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 51,888</b>	<b>\$ 58,036</b>	<b>\$ 64,091</b>
*Cost per procedure	\$ 1,822	\$ 1,852	\$ 1,721
*Charge per procedure	\$ 7,111	\$ 7,200	\$ 6,667
**Cost per procedure	\$ 2,500	\$ 2,500	\$ 2,700
**Charge procedure	\$ 9,000	\$ 9,500	\$ 10,000

\*The cost and charge for procedures were calculated by staff.

\*\*Cost and charge submitted by applicant.

Applicant projects approximately 3.61 percent of gross revenue for bad debt patients, medically indigent patients and charity care patients.

**D. Cost to Medicaid/Medicare**

<b>Patient Mix by Type Payer</b>	<b>Utilization Percentage</b>	<b>First Year Expenses</b>
<b>Medicaid</b>	15.95%	\$13,079.00
<b>Medicare</b>	23.00%	\$18,860.00
<b>Blue Cross</b>	0.00%	\$0.00
<b>Other</b>	61.05%	\$50,061.00
<b>Self Pay</b>	0.00%	\$0.00
<b>TOTAL</b>	<b>100%</b>	<b>\$82,000.00</b>

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review. The Division of Medicaid took no position on this project.

## **VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with criteria and standards contained in the 2005 State Health Plan, the Certificate of Need Review Manual, revised 2000, and duly adopted rules, procedures and plans of the Mississippi State Department of Health.

The Division of Health Planning and Resource Development recommends approval of the application submitted by Tri-Lakes Medical Center for the Provision of mobile ESWL Services in Batesville, Mississippi.